

**US-Nepal Trade Web Chat with Political-Economic Counselor Tim Trenkle
April 28, 2011**

WEB CHAT MODERATOR: Thank you for joining us this afternoon. We are ready to take your questions.

Madhav Prasad Guragain: HHow can Nepal benifit from NEPAL US trade?

TIM TRENKLE: We believe TIFA will create an important platform for discussions on trade and investment issues. TIFA also sends a positive signal to investors and traders about the significant opportunities for Nepalese and U.S. businesses.

TIM TRENKLE: Expanding trade will benefit Nepal by creating jobs and economic growth.

JP: Where can I get a copy of the TIFA?

WEB CHAT MODERATOR:
<http://www.mocs.gov.np/uploads/TIFA%20Final%20Document.pdf>

Madhav Prasad Guragain: US has been top carbon production. Does US invest on such business in Nepal which protect environment and produce food?

TIM TRENKLE: Good question. We are working to attract investment in the clean energy sector, including hydropower and solar. We believe there are tremendous opportunities in these areas in Nepal, which would help reduce loadshedding and create jobs. Unfortunately, because of the business climate, investment has been limited in recent years. President Obama is committed to reducing U.S. carbon emissions, working with like-minded countries such as Nepal.

Ujwal Thapa: just wondering does the Embassy facilitate networking between Entrepreneurs in Nepal and in the US ? if so, what avenues are there for small entrepreneurs or Start ups to do this ? This is ujwal from "Entrepreneurs for Nepal"

TIM TRENKLE: We are very encouraged by the spirit of entrepreneurship in Nepal. We are attempting to facilitate more interaction between groups such as yours and those in the United States, perhaps by bringing entrepreneurs from the United States to Nepal.

Langtang Bytes: What are the important trade which are ongoing between US and Nepal in recent years?

TIM TRENKLE: Unfortunately, trade between the United States and Nepal has declined dramatically in recent years, largely because of the political instability in Nepal. We hope TIFA will help turn this around, building a more robust trade relationship between our two countries. We believe there are significant opportunities to export Nepali goods to the United States, in areas such as handicrafts, medicinal herbs, tea, coffee, traditional jewelry, etc.

Rajan: Is NEAT a by-product of TIFA?

TIM TRENKLE: No, but the two reinforce each other. We hope NEAT will expand Nepali exports by strengthening the value chain in several agricultural products, as well as build trade capacity. This will reinforce the goal of the TIFA, which is to expand our trade relationship and expand economic growth.

Langtang Bytes: What are the interested trading sectors of US in Nepal?

TIM TRENKLE: We believe U.S. exports can support Nepal's economic agenda in several areas. For example, U.S. technology and services could bring added value in the tourism, energy, civil aviation, telecommunication, and health sectors. U.S. products are often technologically advanced and high-quality.

bhojraj dahal: we have big issue from last 5 years about the export of cotton cloths to us ? how do u addrss this issue ?

TIM TRENKLE: Unfortunately Nepali garment exports have declined significantly in recent years due to a number of factors, including the end of the multifiber agreement. Most experts believe Nepali exports are not competitive due to high transportation costs, labor costs, energy shortages, and lack of raw material, especially compared to other Asian countries.

Ujwal Thapa: How can Entrepreneur groups be involved with TIFA?

TIM TRENKLE: TIFA is primarily designed to facilitate dialogue between the two governments, but we hope the discussions will create opportunities to improve the business climate. For example, in the first TIFA meeting, the two governments discussed intellectual property rights, a critical issue for many entrepreneurs. TIFA is only one element of the U.S. Government's broader economic engagement in Nepal.

Ujwal Thapa: Who facilitates TIFA in Nepal ? is there a physical place that will serve as the center through which we entrepreneurs can take advantage of this new initiative ?

DARIN PHAOVISAID: The Ministry of Commerce and Supplies facilitates TIFA in Nepal. The trade and export promotion center might also be able to provide some assistance and advice on ways entrepreneurs can take advantage of TIFA.

Ujwal Thapa: does TIFA have a website we can look in detail ? if the answer is already there, don't want to take your time away from other valuable questions ?

DARIN PHAOVISAID: Yes, the TIFA text is available on the US Trade Representative website, as well as the Ministry of Commerce. This is the USTR site: <http://www.ustr.gov/trade-agreements/trade-investment-framework-agreements>

Tark Raj Bhatt: What kinds of trade suitable for Nepal ? Could USA support in grean revolution in nepal ?

TIM TRENKLE: We believe there are a number of sectors in which Nepal has a competitive advantage, including in agriculture. The Ministry of Commerce has already identified 15

"thrust areas" for export. As you suggest, agriculture is key sector for Nepal's economy, and one with tremendous potential.

Madhav Prasad Guragain: Does TIFA facilitates individuals for medical herbs production and export? If yes, how?

TIM TRENKLE: Like nearly all Nepali products, medicinal herbs enter the U.S. market duty free, and we believe there is tremendous opportunity for growth. On the topics discussed in the first TIFA meeting was building Nepal's capacity in intellectual property enforcement, which is important for the medicinal herb sector.

Langtang Bytes: Nepal has declared 2011 as a tourism year. So, How TIFA US can facilitate to support tourism promotion program?

DARIN PHAOVISAID: The TIFA can help support Nepal's tourism promotion program by encouraging U.S. investment in areas that would help Nepal to expand its tourism industry, for instance, in civil aviation infrastructure projects that could expand air travel, hotels and other tourism services.

Ujwal Thapa: One aspect that might affect Trade is besides political stability, "Mentorship">>> Mentoring Nepali entrepreneurs on how US businesses work and mentoring US businesses on how Nepali way works... would love for you to build a system that deals with such...

TIM TRENKLE: Great idea. We are looking for opportunities to share experiences between Nepali and U.S. entrepreneurs, especially young entrepreneurs. However, we also believe experienced Nepali businessmen -- and especially businesswomen -- can play an important role in mentoring young entrepreneurs.

Ujwal Thapa: the problem is US investors won't want to come in and invest when they can't take their money out easily... (that is why there is no investment banking here). hopefully TIFA WILL help communicate this concerns and as a result government makes policies to make foreign investment "much" easier. A typical barometer would be " US venture capitalists start becoming interested in investing in Nepal ?

TIM TRENKLE: Good points. Given the current global environment, investors are looking for opportunity, stability, and ability to repatriate profits. We believe the Government of Nepal is committed to creating this type of environment, but some problems remain. TIFA provides an excellent platform to discuss these types of issues.

Suman Timsina: My understanding is that US entrepreneurs could be subject of dual taxation. are you aware of any initiative between US and Nepal on any tax treaty?

TIM TRENKLE: Dual taxation is one of the many areas of concern to investor, although we do not consider it a major impediment to investment. The U.S. has bilateral tax treaties with many countries, and this is one issue that could be discussed in the TIFA framework.

Rajan: Has TIFA addressed the concerns of Nepalese Garment/Apparel traders (exporters)? and to what extent do you believe the new agreement addressed the demand of general system of preference for major Nepali exports?

TIM TRENKLE: Under GSP, the United States offers preferential treatment to more than 4,800. Additionally, as a least developed country, Nepal gets additional preferences. It is up to Nepal to take advantage of these opportunities. Garments are one of the few areas not covered by GSP, and Nepal will need to become more competitive against other Asian countries who are exporting to the United States.

Madhav Prasad Guragain: well. What about Investing in Afforestation, farming (similar to Israel), and other business?

TIM TRENKLE: We believe there are significant opportunities in agribusiness. The new USAID NEAT program will focus on particularly agricultural exports that will benefit the rural population and remove their dependence on forests.

Suman Timsina: Non Resident Nepalis Association in US is attempting to create dialogue between US and Nepal's entrepreneurs. In a recent interaction with our bi-lateral Ambassadors and a representative of the State Department, we raised issue of tax treaty and travel advisory. We do understand the government's stand on travel advisory. Can you help us understand how could we encourage or assure investors from US regardless of travel advisory? It does create reluctance on the investors who are new for Nepal.

TIM TRENKLE: We have an obligation to provide U.S. visitors with our best assessment of the situation in Nepal. We update the travel advisory every six months. If you compare the current advisory to previous ones, it has changed significantly to reflect changes in Nepal. The signing of the TIFA sends a positive message about U.S. views on Nepal and interest in expanding the trade and investment relationship with Nepal.

WEB CHAT MODERATOR:That concludes our web chat for today.

WEB CHAT MODERATOR:The transcript will be available tomorrow on our web site:

WEB CHAT MODERATOR:<http://nepal.usembassy.gov/webchat.html>

WEB CHAT MODERATOR:Thank you for participating!